

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Buena Vista Charter Township - DDA	County Saginaw
Audit Date December 31, 2005	Opinion Date April 12, 2006	Date Accountant Report Submitted to State: June 14, 2006	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

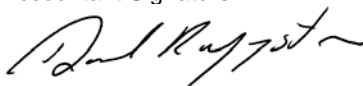
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable boxes for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL: 129/91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Reports on individual federal financial assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) Yeo & Yeo, P.C. CPAs			
Street Address 3023 Davenport	City Saginaw	State MI	ZIP MI
Accountant Signature 			

**CHARTER TOWNSHIP OF BUENA VISTA –
DOWNTOWN DEVELOPMENT AUTHORITY**

Saginaw, Michigan

Annual Financial Statements

and

Auditors' Report

December 31, 2005

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Charter Township of Buena Vista - Downtown Development Authority
List of Elected and Appointed Officials
December 31, 2005

AUTHORITY BOARD

DAVID VAN OOTEGHEM

VICE CHAIRPERSON

JAMES GRAHAM

CHAIRPERSON

JUDY JOHNSON

SECRETARY

STEVE COPELAND

THOMAS HOFF

MARY MOSLEY

DWAYNE PARKER

GREGORY CAUSLEY

EARL PEGEUS

OTHER OFFICERS AND OFFICIALS

MARTIN V. WILLIAMS

TOWNSHIP MANAGER

TRACY L. CORMIER

DIRECTOR OF FISCAL SERVICES



3023 Davenport
Saginaw, MI 48602
Phone (989) 793-9830 / (800) 968-0010
Fax (989) 793-0186

Independent Auditors' Report

To the Authority Board
Charter Township of Buena Vista - Downtown Development Authority
Saginaw, Michigan

We have audited the accompanying financial statements of the governmental activities and the major fund of the Charter Township of Buena Vista - Downtown Development Authority as of and for the year ended December 31, 2005, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Charter Township of Buena Vista - Downtown Development Authority as of December 31, 2005 and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison information identified in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Authority has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not a required part of, the basic financial statements.

Yeo & Yeo, P.C.

Saginaw, Michigan
April 12, 2006

Charter Township of Buena Vista - Downtown Development Authority
Statement of Net Assets
December 31, 2005

Assets

Cash and cash equivalents	\$ 747,471
Taxes receivable	264,000
Due from other governments	66,135
Capital assets (net)	<u>39,137</u>
Total assets	<u>1,116,743</u>

Liabilities

Due to other governmental units	491
Noncurrent liabilities	
Due within one year	11,040
Due in more than one year	<u>99,364</u>
Total liabilities	<u>110,895</u>

Net Assets

Invested in capital assets, net of related debt	39,137
Unrestricted	<u>966,711</u>
Total net assets	<u><u>\$ 1,005,848</u></u>

Charter Township of Buena Vista - Downtown Development Authority
Statement of Activities
Year Ended December 31, 2005

Functions/Programs	Program Revenues				Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
Primary government					
Governmental activities					
General government	<u>\$ 117,048</u>	<u>\$ -</u>	<u>\$ 112,850</u>	<u>\$ -</u>	\$ (4,198)
General revenues					
Property taxes, captured for general purposes					368,009
Unrestricted investment earnings					17,634
Miscellaneous					<u>200</u>
Total general revenues					<u>385,843</u>
Change in net assets					381,645
Net assets - beginning					<u>624,203</u>
Net assets - ending					<u>\$ 1,005,848</u>

Charter Township of Buena Vista - Downtown Development Authority
Balance Sheet
Governmental Funds
December 31, 2005

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 747,471
Taxes receivable	264,000
Due from other governmental units	<u>66,135</u>
 Total assets	 <u><u>\$ 1,077,606</u></u>
 Liabilities and Fund Balance	
Liabilities	
Due to other governmental units	\$ 491
Deferred revenue	<u>264,000</u>
 Total liabilities	 <u>264,491</u>
 Fund balance	
Unreserved	<u>813,115</u>
 Total liabilities and fund balance	 <u><u>\$ 1,077,606</u></u>

Charter Township of Buena Vista - Downtown Development Authority
Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Assets
December 31, 2005

Total fund balances for governmental funds \$ 813,115

Total net assets reported for governmental activities in the statement of net assets is different because:

Deferred income taxes and assessments 264,000

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 39,137

Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets. Balances as of December 31, 2005 are as follows:

Installment loans payable (110,404)

Net assets of governmental activities \$ 1,005,848

Charter Township of Buena Vista - Downtown Development Authority
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2005

	General Fund
	<u> </u>
Revenues	
Taxes	\$ 363,009
Federal grants	2,447
Interest	17,634
Other revenue	<u>200</u>
 Total revenues	 <u>383,290</u>
 Expenditures	
General government	<u>117,048</u>
 Revenues in excess of expenditures	 266,242
 Fund balance, beginning of year	 <u>546,873</u>
 Fund balance, end of year	 <u><u>\$ 813,115</u></u>

Charter Township of Buena Vista - Downtown Development Authority
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended December 31, 2005

	<u>Primary Government</u>
Net change in fund balances - total governmental funds	\$ 266,242
Total change in net assets reported for governmental activities in the statement of activities is different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Property taxes	5,000
Forgiveness of debt	<u>110,403</u>
Change in net assets of governmental activities	<u>\$ 381,645</u>

Charter Township of Buena Vista - Downtown Development Authority
Notes to Financial Statements
December 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Charter Township of Buena Vista - Downtown Development Authority conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Authority:

Government-wide and fund financial statements

The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the Authority's activities. Governmental activities are normally supported by tax capture and inter-governmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items properly excluded from program revenue are reported as general revenue.

Separate financial statements are provided for governmental fund and major fund.

Reporting entity

The Charter Township of Buena Vista - Downtown Development Authority is a component unit of the Charter Township of Buena Vista.

Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Those revenues susceptible to accrual are property taxes, interest revenue, and charges for services.

The Authority reports the following major governmental fund:

- The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Charter Township of Buena Vista - Downtown Development Authority
Notes to Financial Statements
December 31, 2005

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services, or privileges provided (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Property tax revenue

Property taxes are levied on each July 1 and December 1 on the taxable valuation of property. The Authority captures property taxes on the growth in taxable value of property within its boundaries. Taxes are considered delinquent on March 1 of the following year.

The Authority captures winter 2004 tax which is levied on December 1, 2004, and is recognized as revenue in the year ended December 31, 2005. The Authority also captures summer 2005 tax which is levied on July 1, 2005, and is recognized as revenue in the year ended December 31, 2005.

Assets, liabilities and net assets or equity

Cash and cash equivalents – The Authority has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with a maturity of 3 months or less when acquired. Additionally, each fund's equity in the Authority's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty. Shared pooled investment income is allocated to each fund based on its percentage of the balance in the pool.

All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

Capital assets – Capital assets, which include parcels of land, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost

of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The Authority began recording governmental infrastructure constructed on or after January 1, 2004 as allowed by GASB 34.

Long-term obligations - In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Comparative data

Comparative data is not included in the Authority's financial statements.

NOTE 2 - DEPOSITS

At year end, the Authority's deposits were reported in the basic financial statements in the following category:

Governmental activities

Cash and
Cash
Equivalents

\$ 747,471

Charter Township of Buena Vista - Downtown Development Authority
Notes to Financial Statements
December 31, 2005

Interest rate risk – In accordance with its investment policy, the Authority manages its exposure to declines in fair values by limiting the maturity of its investments within each investment category.

Credit risk – State statutes and the Authority's investment policy authorize the Authority to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the Authority is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles.

Concentration of credit risk – The Authority's investment policy establishes limits on the amount of investment in any one issuer within each investment category as well as within the investment portfolio as a whole.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. The carrying amount of the Authority's deposits with financial institutions as of December 31, 2005 was \$747,471, all of which was cash. The actual bank balances amounted to \$752,876. Of this amount, \$40,695 was insured by FDIC and \$712,181 was exposed to custodial credit risk because it was uninsured and uncollateralized.

NOTE 3 - RECEIVABLES

Receivables as of year end for the government's individual major fund including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>
Taxes	\$ 264,000
Intergovernmental	<u>66,135</u>
	<u>\$ 330,135</u>
Due within one year	\$ 330,135
Due after one year	<u>-</u>
	<u>\$ 330,135</u>

The allowance for all receivables at year end is zero, because all is expected to be collected.

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes	\$ -	<u>\$ 264,000</u>

NOTE 4 - CAPITAL ASSETS

Capital assets activity of the Authority for the current year was as follows:

	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Government-type activities				
Capital assets not being depreciated				
Land	\$ 39,137	\$ -	\$ -	\$ 39,137

Charter Township of Buena Vista - Downtown Development Authority
Notes to Financial Statements
December 31, 2005

NOTE 5 - LONG-TERM DEBT

The Authority borrowed funds to increase economic development and is a general obligation of the government. In the current year 50% of the loan was forgiven, including all accrued and future interest.

Long-term obligation activity is summarized as follows:

	<u>Maturity Dates</u>	<u>Interest Rate</u>	<u>Annual Principal Maturity Ranges</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities								
Installment loan								
Michigan Strategic Fund	12/1/15	0.00%	\$11,040	<u>\$ 220,807</u>	<u>\$ -</u>	<u>\$ 110,403</u>	<u>\$ 110,404</u>	<u>\$ 11,040</u>

Charter Township of Buena Vista – Downtown Development Authority
Notes to Financial Statements
December 31, 2005

Installment loans

The Authority has obtained an installment loan to finance economic development and expansion. Annual debt service requirements to maturity are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>
2006	\$ 11,040
2007	11,040
2008	11,041
2009	11,040
2010	11,040
2011-2015	<u>55,203</u>
Total	<u>\$ 110,404</u>

NOTE 6 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation).

Charter Township of Buena Vista - Downtown Development Authority
Required Supplemental Information
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended December 31, 2005

	Original and Final Budget	Actual	Actual Over (under) Final Budget
Revenues			
Taxes	\$ 327,400	\$ 363,009	\$ 35,609
Federal grants	-	2,447	2,447
Interest	-	17,634	17,634
Other revenue	1,200	200	(1,000)
	<u>328,600</u>	<u>383,290</u>	<u>54,690</u>
Total revenues			
Expenditures			
General government	323,200	117,048	(206,152)
Debt service	41,350	-	(41,350)
	<u>364,550</u>	<u>117,048</u>	<u>(247,502)</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	(35,950)	266,242	302,192
Fund balance - beginning of year	546,873	546,873	-
Fund balance - end of year	<u>\$ 510,923</u>	<u>\$ 813,115</u>	<u>\$ 302,192</u>